

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 STR-08 CEA-02 AGR-20

RSR-01 /176 W

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 5393

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E.O. 11652: N/A

TAGS: EFIN, TH

SUBJ: FISCAL 1974 RTG EXPENDITURES

1. THE FY 1974 RTG BUDGET WAS PASSED UNANIMOUSLY ON ITS FIRST READING TWO HOURS AFTER ITS PRESENTATION BY THE PM TO THE GOVERNMENT-APPOINTED NATIONAL LEGISLATIVE ASSEMBLY. IT NOW GOES TO A SPECIAL COMMITTEE FOR FURTHER CONSIDERATION. ONLY THREE MEMBERS DEBATED THE BILL. ACCORDING TO THE ACCOUNT IN THE NATION, MR. BOONCHU ROJANASATHIRA, THE OUTSPOKEN DEPUTY EXECUTIVE VP OF THE BANGKOK BANK AND NLA MEMBER, "...CRITICISED THE GOVERNMENT'S BUDGET APPROPRIATION, SAYING THAT THE GOVERNMENT HAD NEGLECTED NATIONAL ECONOMIC DEVELOPMENT AND EMPHASISED NATIONAL DEFENCE TOO MUCH.

2. MR. BOONCHU SAID THE GOVERNMENT SHOULD PAY MORE ATTENTION TO THE PROBLEM OF PRIORITIES AND SHOULD EMPHASIZE DEVELOPMENT WHICH WILL BENEFIT MAJORITY RURAL PEOPLE. HE ATTACKED GOVERNMENT'S IRRIGATION DEVELOPMENT, COOPERATIVE DEVELOPMENT, COMMUNICATIONS DEVELOPMENT AND TAX SYSTEM."

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3. A SECTORAL BREAKDOWN OF THE 1973 REGULAR BUDGET COMPARED

WITH 1974 FIGURES AND THE PERCENTAGE CHANGES FOLLOW:

ECON.

DEVELOPMENT 6.7 MILLION BAHT V. 7.3 UP 9.5 PERCENT

EDUCATION 6.0 V. 6.9 UP 14.6 PERCENT

PUBLIC

HEALTH 1.0 V. 1.04 UP 3.8 PERCENT

PUBLIC

UTILITIES 2.2 V. 2.7 UP 24.3 PERCENT

DEFENSE 6.2 V. 6.8 UP 10.5 PERCENT

INTERNAL

SECURITY 2.3 V. 2.4 UP 6.3 PERCENT

GEN'L.

ADMIN 1.7 V. 1.4 DOWN 17.1 PERCENT

DEBT SERVICE 3.8 V. 5.2 UP 36.9 PERCENT

OTHER 1.7 V. 2.1 UP 25.2 PERCENT

TOTAL 31.6 V. 36.0 UP 13.9 PERCENT

4. THE DEFENSE AND INTERNAL SECURITY CATEGORIES WIL RISE IN PERCENTAGE TERMS LESS THAN THE TOTAL BUDGET. IN 1973 THERE WAS A 400MILLION SUPPLEMENTARY BUDGET FOR THESE PROGRAMS WHICH IS NOT INCLUDED IN THE ABOVE COMPARISON. IF IT WERE THE FIGURES FOR THESE TWO CATEGORIES COMBINED WOULD BE 8.9 MILLION IN 1973 AND 9.2 IN 1974, A 3.4 PERCENT INCREASE.

5. DETAILS ON THE VERVENUE SIDE OF THE BUDGET HAVE NOT BEEN GIVEN, BUT IT IS ESTIMATED THAT THE OVERALL BUDGET WILL BE IN DEFICIT BY ABOUT 20 PERCENT THE RATE OF INCREASE IN THE BUDGET EXCEEDS THE RATE OF GROWTH IN THE ECONOMY AND IS THEREFORE A MAJOR CONTRIBUTOR TO THE CURRENT INFLATION. FURTHERMORE, THE DEFICIT IS BEING INCURRED TO FINANCE ORDINARY GOVERNMENT EXPENDITURES. IF A DEFLATOR IS APPLIED FOR PRICE INCREASES, THEN THE AMOUNT ALLOCATED TO ECONOMIC DEVELOPMENT HAS NOT INCREASED AT ALL. ON THE OTHER HAND, DEBT SERVICE COSTS SHOW BY FAR THE GREATEST

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RISE OF ANY CATEGORY. HOWEVER, THESE COSTS ARE NOT A CRITICAL PROBLEM BUT THEY DO TAKE AWAY RESOURCES THAT COULD GO TO THE TYPE OF EXPENDITURES RECOMMENDED BY BOONCHU AS QUOTED ABOVE.

6. EFFORT CONTINUING TO DETERMINE HOW THE 17 PERCENT DECLINE IN GENERAL ADMINISTRATIVE EXPENSES WAS ACHIEVED.

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